



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

September 20, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM

On August 7, 2007 (Syn No. 6), your Board acted on a motion by Supervisor Burke and amended by Supervisor Antonovich, directing the Chief Executive Officer (CEO) to consult with the Treasurer and Tax Collector and the Director of Public Works to report back with a recommendation regarding County participation in the Statewide Community Infrastructure Program (SCIP). SCIP is a program of the California Statewide Communities Development Authority (CSCDA), a joint powers authority sponsored by the California Association of Counties and the League of California Cities. CSCDA issues tax-exempt revenue bonds, the proceeds of which are used in the SCIP program to provide loans to private developers to finance development impact fees and public improvements required in local approvals of development projects. CSCDA then levies assessments on the development property to repay the loan for the fees and public improvements. Over 480 cities, counties, and special districts belong to the CSCDA which enables developers within these agencies to access financing through the SCIP.

California Statewide Communities Development Authority is one of several statewide joint powers agencies created to assist in financing both public and private infrastructure improvement. The other major joint powers agency is the California Municipal Finance Authority (CMFA).

The CEO has consulted with the Treasurer and Tax Collector and the Department of Public Works in preparing the following information and recommendation.

### **Comments**

- The County joined CSCDA approximately ten years ago for the purpose of financing a senior housing project in Altadena. Since then, CSCDA has also issued bonds to finance improvements at the Los Angeles County Museum of Art, as well as private projects within Los Angeles County.
- Notwithstanding the action to join CSCDA, it has been the County's longstanding policy to use its own financing capacity to provide loans for public and private projects. The County of Los Angeles has its own financing joint powers authority organized between the County and the Los Angeles County Parking Authority.
- The County is able to have its own financing authority because of its size; we already enjoy the market access that smaller counties and cities receive through belonging to these statewide financing authorities.
- Under both CSCDA and CMFA, County membership provides both agencies with a countywide financing ability as the County provides a large footprint geographically and jurisdictionally. On the other hand, the County only has approval authority over County owned projects and private projects in the unincorporated area. For the latter, our approval is requested after the financing deals for the projects are ready to close; this is a point in the process when it is very hard to refuse approval. More importantly, we would be authorizing private developers to use these financing authorities in cities without the specific approval of the cities.
- Although the County is lending its name and reputation to these financing authorities, the County has no control over the activities of the financing authorities except to the limited extent the financing is in the unincorporated area and TEFRA approval is required, or it is a County-owned asset that is the subject of the financing. As a result, the following are outside the County's control:
  - Assurance of requisite public benefit.
  - Assurance of compliance with County policies such as resolutions of support from affected cities.
  - Selection of financial professionals such as bond counsel and underwriters.
  - Fees charged for the financing.
  - Ongoing monitoring and audit control.

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- On the other hand, the County does bear potential defense liability and involvement in any litigation resulting from the financing.

### **Recommendations**

For the reasons stated above, the CEO and Treasurer and Tax Collector recommend that the County not join additional statewide financing authorities and terminate the County's membership in the CSCDA. The Director of Public Works concurs with this recommendation. A Board agenda item recommending termination of membership in the CSCDA will be filed for Board consideration within the next 60 days.

If you have any questions, please contact me or your staff may contact Lari Sheehan at (213) 893-2477 or via e-mail at [lsheehan@ceo.lacounty.gov](mailto:lsheehan@ceo.lacounty.gov).

WTF:LS:os

c: Executive Officer, Board of Supervisors  
County Counsel  
Treasurer and Tax Collector  
Director of Public Works